

AGM Statement

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M. P. Evans Group PLC
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M.P. EVANS GROUP PLC
("Group" or "M.P. Evans")

ANNUAL GENERAL MEETING

The annual general meeting of M.P. Evans Group PLC is being held in London today. The following statement, presenting an update on trading conditions and progress on the Group's activities since the publication of the annual report in April, is being given at the meeting by the chairman, Peter Hadsley-Chaplin:-

Crops

The crop of oil-palm fresh fruit bunches ("f.f.b.") for the five months ended 31 May 2017 was 180,000 tonnes from estates controlled by the Group, some 26% higher than the 142,400 tonnes recorded for the same period in 2016. This partly reflects a widespread recovery in production throughout South East Asia following the acute "El Nino" in 2015-16, but also results from the young 7½ year average age of the Group's palms whose yields are increasing as they mature. Crops from the smallholder co-operatives associated with the Group's new projects increased by 28% to 43,800 tonnes. Following the El Niño, all of the Group's areas have experienced higher rainfall. In Kalimantan, higher rainfall in May has led to some flooding in areas of the project closest to the Mahakam river, disrupting access to some fields and between different areas on the project. The water level is no longer rising and it is anticipated that normal working will be resumed as the drier months of the year now begin.

The growth in crop on the Group's estates has been particularly pronounced on Bangka, where crops increased by 80% compared with last year. Crop increases in Kalimantan and Sumatra were 22% and 13% respectively. The Group's 38% associate, PT Kerasan Indonesia, reported crops some 21% higher than for the first five months of 2016.

Production

The Group produced 60,100 tonnes of crude palm oil ("CPO") during the first five months of 2017 compared with 37,900 tonnes for the equivalent period in 2016, showing the benefit of its new Bangka mill. Extraction rates continue at good levels: 24.8% in Kalimantan; 23.2% in Bangka and 23.3% in Pangkajene. The rate in Kalimantan may experience a dip during the very wet weather referred to earlier. Production was increased, notably in Bangka, by the successful purchase of 43,500 tonnes of f.f.b. from third parties (2016 - 7,900 tonnes) in addition to those produced on the Group's own estates and associated smallholder co-operatives. In May, the Group began selling electricity surplus to use on the estate to the Indonesian state energy company in Bangka; this power is generated by burning methane captured in a biogas facility integrated with the Group's new mill.

Prices

The average price of CPO (c.i.f. Rotterdam) for the first five months of the year was US\$732 per tonne. This was US\$67 per tonne higher than the US\$665 per tonne during the equivalent period in 2016. In the period to the end of May 2017, the Group realised an average price at mill gate of US\$606 per tonne (2016 US\$555 per tonne). Prices for palm kernels have also strengthened, averaging US\$503 per tonne (mill gate): some 21% higher than the US\$414 per tonne in the year to May 2016. The expected recovery in South East Asian production may exert some downward pressure on prices during the second half of the year, notwithstanding unusually low stock levels of the world's major vegetable oils and hence the likelihood there will be some stock rebuilding.

New planting

In Musi Rawas, 900 hectares were planted in the first five months of the year, bringing the total planted to 3,600 hectares in respect of Group and smallholder areas combined. Planting is ongoing, and land compensation has already been settled over a further 2,100 hectares. In Kalimantan, some replacement of newly-planted palms may be necessary in the areas affected by flooding. There was also new planting of 50 hectares on the Group's projects in Bangka and Kalimantan as these projects approach completion.

Strategy

Following the disposal of its Australian cattle operations, the Group is now focussed on production of palm oil in Indonesia

and is in control of substantially all its assets. The Group completed the sale of its share in the Agro Muko joint venture in March and so paid a special dividend of 10.00 pence per share to shareholders on 12 April. Including this special dividend, the board is committed to pay dividends of at least 25.00 pence per share in respect of 2017, following the 20.00 pence per share in respect of 2016, which included a special dividend of 5.00 pence per share.

The board is at an advanced stage of negotiation to acquire a developed-oil palm project of at least 7,000 hectares to replace the area sold in the disposal of Agro Muko. It also continues to negotiate for smaller areas in the vicinity of its Kalimantan project. These are exciting prospects that give grounds for confidence that your board will be able to expand plantation hectareage and deliver crop growth that are the foundations for improving results, and dividends, to shareholders.

9 June 2017

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